

RICE

Exchange of notes at Rio de Janeiro December 21, 1943, with schedule and appendixes

Entered into force December 21, 1943

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The American Ambassador to the Minister of Foreign Affairs

EMBASSY OF THE
UNITED STATES OF AMERICA

RIO DE JANEIRO, *December 21, 1943*

No. 1968

EXCELLENCY:

I have the honor to refer to the recent conversations between representatives of the Government of Brazil, the United Kingdom and the United States of America concerning the exportable surplus of rice produced in Brazil. As a result of these conversations I am happy to confirm the understanding of my Government in this connection to be as follows:

1. The Governments of the United States of America and of the United Kingdom undertake to purchase the exportable surplus of rice produced in Brazil from the 1943-1944 and 1944-1945 crops of the types and qualities and under the terms specified in the attached schedule, and the Government of Brazil undertakes to sell or to cause to be sold such surplus, to be made available for shipment from month to month during the twelve months immediately after harvesting, i. e. until April 30, 1945 and April 30, 1946, respectively. In order to avoid deterioration through long storage the Government of Brazil, by means of full utilization of milling facilities, will make every endeavor to make available for shipment as large a proportion as possible of the surplus during the months of May to September in each of the years 1944 and 1945.

2. The prices stated in the attached schedule shall be applicable for rice of the 1943-1944 crop; prices for the 1944-1945 crop shall be established not later than July 31, 1944, by agreement between the three governments.

¹ TIAS 1517, *post*, p. 996.

² TIAS 1627, *post*, p. 1041.

3. The Government of Brazil undertakes to take such action as shall be necessary to limit exports of rice to those destined to the United States of America, the United Kingdom or their respective nominees.

4. In order, however, that Brazil may maintain its normal channels of trade so far as consistent with the present emergency and to assure equitable supplies to the other American Republics and to the French and Dutch Possessions in the Western Hemisphere, it is understood that there is excepted from the foregoing undertakings rice to an amount sufficient to satisfy the essential needs of these countries normally supplied by Brazil which, under the provisions of this Agreement, are to be represented by the following provisional quota for each of the two crops, which shall not be exceeded without prior consultation and agreement with the Governments of the United States of America and the United Kingdom, namely, a total of 10,000 metric tons for Argentina, French Guiana, Bolivia, Peru, Venezuela, Colombia, Paraguay, Uruguay, and the Dutch and French West Indies.

5. The prices for rice exported to these countries shall not exceed the level of prices fixed for sales to the United States of America and the United Kingdom.

6. It is understood that rice shall be made available for export only after provision is made for meeting Brazilian domestic needs, including seed requirements for the purposes of this agreement.

7. Purchases by the Governments of the United States of America and the United Kingdom shall be made on their behalf by such agency or agencies as shall be designated by them from time to time, it being contemplated that such purchases may be implemented by commercial contracts (containing terms consistent with the understanding set forth herein, including delivery terms) entered into with the interested trade associations or regular exporters, their overseas representatives, or otherwise.

8. The British Ministry of Food has been designated to act as such agency until further notice from the two Governments.

9. In view of the undertaking of the Governments of the United States of America and the United Kingdom, the Government of Brazil undertakes to prevent the imposition of additional or increased export taxes and other taxes and charges on rice or freight, whether Federal, State or otherwise, during the term of this Agreement.

10. The Brazilian Government undertakes to give wide publicity to such provisions of the Agreement as will provide an incentive to maximum production of the qualities of rice specified in the attached schedule, which is made a part of this Agreement as Appendix No. 1.

11. All doubts and difficulties originating during the life of this Agreement, with respect to the United States of America, will be settled between

the Commission to Control the Washington Agreements, and the Government of the United States of America.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

JEFFERSON CAFFERY

His Excellency

Dr. OSWALDO ARANHA

Minister for Foreign Affairs

Rio de Janeiro

SCHEDULE

1. *Types and Qualities*

The qualities named hereunder as "Japan" and "Blue Rose" and "Agulha" shall be understood to be the dry dressed processed product of these qualities containing maximum ten percent "brokens" and maximum one fourth of one percent yellow grains.

2. *Prices*

a) The price for purchases by the agency of the Ministry of Food for "Japan" shall be £29/14/9 (twenty-nine pounds, fourteen shillings and nine pence payable in Sterling) per long ton of 2,240 pounds, f.o.b. ocean going vessel at Rio Grande.

The price for purchases of "Agulha" by the agency of the Ministry of Food shall be £29/14/9 (twenty-nine pounds, fourteen shillings, and nine pence payable in Sterling) per long ton of 2,240 pounds, f.o.b. ocean going vessel at Brazilian ports. Shipments of "Agulha" rice at such price shall not be inferior to the type sample which has been approved and deposited with representatives of each Government.

A premium of £1/(one pound Sterling) per long ton of 2,240 pounds over the above price for "Japan" or "Agulha" shall be paid for "Blue Rose".

The above prices are on the basis of single packing of 100 pounds net in new, strong, jute bags.

b) The price for purchases by an agency of the United States of America for "Japan" shall be \$5.35 (five dollars thirty-five cents payable in U.S.A. currency) per 100 pounds f.o.b. ocean going vessel at Rio Grande.

The price for purchases of "Agulha" by an agency of the United States of America shall be \$5.35 (five dollars and thirty-five cents payable in United States currency) per 100 pounds, f.o.b. ocean going vessel at Brazilian ports. Shipments of "Agulha" rice at such price shall not be inferior to the type sample which has been approved and deposited with representatives of each Government.

A premium of \$0.18 (eighteen cents U.S.A. currency) per 100 pounds over the above price for "Japan" or "Agulha" shall be paid for "Blue Rose".

The above prices are on the basis of single packing of 100 pounds net in new, strong, jute bags.

c) Although the prices named are on an f.o.b. basis it is agreed that contracts entered into may be on c.i.f. or c. and f. terms with the appropriate charges added to the prices named.

d) The prices named shall be inclusive of all costs, charges, profit and commissions of Brazilian exporters and of all taxes, charges and dues incident to export.

e) The price for surpluses of types of rice other than those specified above shall be determined upon the basis of samples of the various qualities of such surpluses provided to the buying agency or agencies designated by the Governments of the United States of America and the United Kingdom. Such samples shall be fully representative and shall be jointly drawn by representatives nominated by the Government of Brazil and the buying agency.

3. *General*

a) Not more than 20% of the total exportable surplus from Rio Grande do Sul shall be "Blue Rose".

b) Shipments from the State of Rio Grande do Sul shall be made from the port of Rio Grande, and shipments from other States shall be made from a port or ports to be mutually agreed upon between buyer and seller.

c) Single packing shall be in new, strong, jute bags, but size of packing and whether double or single, and if double, whether the inner bag be jute or cotton, shall be determined by mutual agreement between buyer and seller.

d) For purchases made by the agency of the Ministry of Food, the contracts of Rice Brokers Limited, London, shall be used, the material provisions of which are set forth in an attachment (Appendix No. 1) to this schedule.

e) For purchases made by an agency of the United States of America, the contracts of such agency shall be used, the material provisions of which are set forth in an attachment (Appendix No. 2) to this schedule.

f) The Brazilian Government will procure that all shippers of rice under this agreement shall be responsible for the quality of the rice shipped and for full compliance with the terms of this Agreement.

g) The rice purchased under this Agreement will enjoy priority for its rapid movement to sea ports in Brazil.

Appendix No. 1
to Schedule

MATERIAL PROVISIONS OF CONTRACT OF RICE BROKERS LTD.

1. Shipment or shipments made to be declared by sellers not later than twentyone days after clearance of the vessel (steam or motor) at loading port, subject to confirmation by mail. Each shipment to be considered a separate contract.

2. The goods to be at buyers' risk from the time when they are on board the vessel (steam or motor) at port of shipment.

3. Buyers to give sellers due notice when vessel is expected to arrive at loading port. Should vessel to be declared or any substitute fail to arrive at port or ports of loading and be ready to load by (expiry of shipment date in contract), or buyers fail to provide the necessary tonnage, then charges at the rate of one shilling per ton of 1016 kilos per week to be paid by buyers.

4. Payment to be made by cash in London for amount of shipping invoice not later than seven days after arrival of vessel at port of discharge, or not later than 90 days from date of bill of lading, whichever is the earlier, in exchange for on board bills of lading and/or approved delivery orders and/or freight release authorizing delivery together with certificate of weight, duly in order. Certificate of origin to be furnished by sellers where required.

5. Sellers to deliver the rice overside and buyers to take the rice, including loose rice and allotted sweepings in accordance with conditions of Charter Party (or bills of lading if no Charter Party) from ship's side, paying all expenses therefrom, including the filling and repairing of bags, new bags and lighterage, port dues and import dues, if incurred.

6. The rice is not to be rejected on account of inferior quality but the buyers are to be entitled to an allowance, to be ascertained, if necessary, by arbitration as provided for in Clause No. 8 should the sound average of any shipment turn out inferior to about as per the quality contracted for as described above. The samples are to be drawn when landing not sea or ship damaged and their correctness certified and forwarded to the London Rice Brokers' Association. Sampling to be carried out in accordance with the prevailing custom of the port.

7. All goods included in this contract are guaranteed to contain not more than one-half per cent, added mineral matter and to be of the nature, substance and quality stated or described and to conform with the requirements of the Sale of Food and Drugs Act and of all regulations affecting such goods including the regulations relative to preservatives and coloring matter. Broken rice not of British origin is guaranteed to contain less than two per cent of whole rice.

8. Any dispute arising on this contract shall be referred for settlement to the arbitration of two members of this Association or their umpire, being also a member of this Association. Each party to appoint one arbitrator and hav-

ing the right of rejecting one nominee (the term member to include associate member). In the event of any party omitting to nominate an arbitrator within ten days of receipt of notice of appointment of an arbitrator by the other party, or of the arbitrators failing to agree on the appointment of an umpire, the Committee of the London Rice Brokers' Association, in either case, shall have power to appoint one forthwith, who shall act on behalf of and as if nominated by the party or parties in default. Arbitration on quality shall be claimed and the Claimant's arbitrator shall be nominated within 14 days of receipt in London of the arbitration sample or samples by the buyer or broker which sample shall be forwarded to London with due despatch or within 14 days of vessel breaking bulk whichever be the later and the arbitration held without delay. Claims for arbitration other than arbitration on quality shall be made and the claimant's arbitrator shall be nominated without undue delay. No claims can be entertained unless made and arbitrator nominated within six months after the arrival of the vessel or within six months of the date of any breach or default complained of whichever be the later date. The parties to the arbitration shall have the right of appealing against any award except on questions of law, within five clear working days to the London Rice Brokers' Association, whose decision except on questions of law shall be final. Any payments arising out of the award are to be made within one week of the date thereof.

9. Should shipment be delayed or prevented by prohibition of export, riots, strikes, lock-outs, civil commotion, earthquake, floods, official declaration of plague infection, or by the consequences of such occurrences, the contract shipment period shall be extended by one month. If at the expiration of that period, shipment is still prevented by any of the above causes, such part of the contract as has been postponed shall be void unless a further extension is mutually agreed. Should war and/or hostilities and/or the consequences thereof prevent sellers from fulfilling the contract or any part thereof, such part of the contract as sellers are so prevented from fulfilling shall be void.

Appendix No. 2 to Schedule

PRINCIPAL PROVISIONS OF CONTRACT FOR RICE PURCHASERS BY AGENCY OF UNITED STATES GOVERNMENT (OTHER THAN STIPULATIONS CONTAINED IN THE AGREEMENT)

1. The contracts shall specify the kind, crop, quantity and quality of rice purchased; type and size of packing, with the price per 100 pounds net shipping weight f. o. b. ocean going vessel at designated Brazilian port, for shipment to foreign port designated by buyer, direct or indirect, with or without transshipment, during month designated by buyer.

2. Rice to be at buyer's risk from time it is on board designated ocean going vessel for export to foreign destination. Buyer to provide marine and war risk insurance, if any.

3. Seller to make rice available in month designated by buyer and to notify latter when ready for shipment. Should buyer fail to provide vessel space during month for which rice is purchased for shipment, buyer shall be responsible for storage and insurance, beginning 30 days after notification that rice is ready for shipment at designated port of shipment within the contract time. Charges for such storage and any insurance to be at rate to be determined and set forth in contract, but in any event the rate for storage shall not exceed the prevailing rate. Warehouses for storage and companies with which insurance is placed first shall be approved by the buying agency for the United States.

4. Full payment for rice to be made against usual and required shipping documents, including on-board bill of lading, certificate of weight, and certificate of inspection as to grade and quality issued by Instituto Rio Grandense de Arroz for rice produced in the State of Rio Grande do Sul.

5. Such certificate of inspection to be issued by Ministry of Agriculture of the particular State in which other purchased rice has been produced. The buying agency representing the United States shall have the right to be represented in the inspection of rice purchased for the account of the United States. Certificate of weight to be issued by a public weigher or by other, as may be agreed upon by buyer and seller. All expenses for weighing, sampling, and certification to be paid by the seller.

6. Any questions arising under the contract, unless otherwise resolved, are to be settled by arbitration in New Orleans in accordance with the rules of the New Orleans Board of Trade, or in New York in accordance with the rules of the New York Produce Exchange.

7. Each shipment to stand as a separate sale or contract.

The Minister of Foreign Affairs to the American Ambassador

[TRANSLATION]

MINISTRY OF FOREIGN AFFAIRS

DEC/DAI/459/842.16 (22) (42)

RIO DE JANEIRO, *December 21, 1943*

MR. AMBASSADOR,

I have the honor to acknowledge the receipt of note no. 1968 of today's date, whereby Your Excellency, referring to the recent conversations between Brazilian authorities and representatives of the Governments of the United States of America and of Great Britain regarding the exportable surpluses of rice produced in Brazil, suggests that an agreement be made on the following bases:

1. The Governments of the United States of America and of the United Kingdom of Great Britain and Northern Ireland undertake to purchase the exportable surplus of rice produced in Brazil with reference to the 1943–1944 and 1944–1945 crops of the types and qualities and under the terms specified in the attached schedule, and the Brazilian Government undertakes to sell or cause to be sold such surplus, to be made available for shipment from month to month during the twelve months immediately following the harvest, that is, until April 30, 1945 and April 30, 1946, respectively.

2. In order to avoid deterioration through long storage the Brazilian Government, by means of full utilization of milling facilities, will make every endeavor to make available for shipment as large a proportion as possible of the surplus during the months of May to September in each of the years 1944 and 1945.

3. The prices stated in the attached schedule shall be applicable to the rice of the 1943–1944 crop; the prices for the 1944–1945 crop shall be established not later than July 31, 1944 by an understanding between the three Governments signatory to this Agreement.

4. The Brazilian Government undertakes to take such action as shall be necessary to limit exports of rice to those destined to the United States of America, the United Kingdom of Great Britain and Northern Ireland or their respective nominees.

5. In order that Brazil may maintain its normal channels of trade, so far as consistent with the present emergency and to assure equitable supplies to the other American Republics and the French and Dutch possessions in the Western Hemisphere, it is understood that there is excepted from the foregoing undertakings rice to an amount sufficient to satisfy the essential needs of those countries normally supplied by Brazil which, under the provisions of this Agreement, are to be represented by the following provisional quota, for each one of the two crops, which shall not be exceeded without prior consultation and agreement with the Governments of the United States of America and of the United Kingdom of Great Britain and Northern Ireland, namely, a total of 10,000 (ten thousand) metric tons for the following countries: Argentina, French Guiana, Bolivia, Peru, Venezuela, Colombia, Paraguay, Uruguay, and the Dutch and French West Indies.

6. The prices of rice exported to the countries mentioned in the foregoing clause shall not exceed the level of the prices fixed for sales to the United States of America and to the United Kingdom of Great Britain and Northern Ireland.

7. It is understood that the rice shall be made available for export only under the terms of this agreement, after provision is made for meeting the needs of the domestic market of Brazil, including the production of seeds necessary for the purposes of this Agreement.

8. Purchases by the Governments of the United States of America and the United Kingdom of Great Britain and Northern Ireland shall be made

on their behalf by the Agency or Agencies that may be designated periodically by those Governments, it being contemplated that such purchases may be implemented by commercial contracts (containing terms consistent with the terms of this Agreement, including delivery conditions) drawn up with interested trade associations or regular exporters, their overseas representatives, or otherwise.

9. The Ministry of Food of the United Kingdom of Great Britain and Northern Ireland has been designated to act as such agency until further notice from the Governments of the United States of America and of the United Kingdom of Great Britain and Northern Ireland.

10. In view of the undertaking of the Governments of the United States of America and the United Kingdom of Great Britain and Northern Ireland, the Brazilian Government undertakes not to increase or create new duties or export taxes or any other charges on rice or freight, whether Federal, State or otherwise, during the term of this Agreement.

11. The Brazilian Government undertakes to give wide publicity to such provisions of the Agreement as will provide an incentive to maximum production of the qualities of rice specified in the attached schedule, which is made a part of this Agreement as Appendix No. 1.

12. All doubts and difficulties originating during the life of this Agreement, with respect to the United States of America, will be settled between the Commission for the Control of the Washington Agreements, and the Government of the United States of America.

13. In reply, I have the honor to declare to Your Excellency that the Brazilian Government accepts the Agreement referred to on the bases suggested above, and gives to it, as of this date, its full approval.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

OSWALDO ARANHA

His Excellency

JEFFERSON CAFFERY

Ambassador of the United States of America

SCHEDULE

1. *Types and Qualities*

By the qualities specified below as "Japão", "Blue Rose" and "Agulha", is understood the prepared, improved and dry product, which shall contain a maximum of 10% (ten per cent) broken grains and a maximum of $\frac{1}{4}\%$ (one fourth of one per cent) yellow grains.

2. *Prices*

a) The price to be paid for the purchases made by the agency of the Ministry of Food of the "Japão" quality, shall be £ 29-14-9 (twenty-nine

pounds, fourteen shillings and ninepence, payable in sterling) FOB ocean steamer, port of Rio Grande, per ton of 2,240 lbs.

The price to be paid for the purchases made by the agency of the Ministry of Food of the "Agulha" quality shall be £ 29-14-9 (twenty-nine pounds, fourteen shillings and ninepence, payable in sterling) FOB ocean steamer, Brazilian ports, per ton of 2,240 lbs. The "Agulha" quality rice of this price shall not be inferior to the samples that were approved by and submitted to the representatives of each Government signatory to this Agreement.

In addition to the price established for the "Japão" or "Agulha" rice, a premium of £ 1 (one pound sterling) per ton of 2,240 lbs. shall be paid for the "Blue Rose".

The above prices shall be paid on the basis of a single packing of 100 (one hundred) pounds net in new and resistant jute sacking.

b) The price to be paid for the purchases made by an agency of the United States of America of the "Japão" quality shall be US \$ 5.35 (five dollars and thirty-five cents, payable in United States currency) FOB ocean steamer, port of Rio Grande, per 100 (one hundred) lbs.

The price to be paid for purchases made by an agency of the United States of America for the "Agulha" quality shall be US \$ 5.35 (five dollars and thirty-five cents, payable in United States currency) FOB ocean steamer, Brazilian ports, per 100 (one hundred) lbs. The shipments of the "Agulha" rice of this price shall not be inferior to the samples that were approved by and submitted to the representatives of each Government.

In addition to the price established for the "Japão" or "Agulha", a premium of US \$ 0.18 (eighteen cents, payable in United States currency) per 100 (one hundred) lbs. shall be paid for the "Blue Rose".

The above prices shall be paid on the basis of a single packing of 100 (one hundred) pounds net in new and resistant jute sacking.

c) Notwithstanding the fact that the prices are stipulated on the basis of an FOB delivery, it is agreed that the contracts can be made for CIF or C and F delivery, provided the expenses incurred by those conditions are added to the prices stipulated.

d) The prices stipulated shall include the cost, expenses, profits and commissions of the Brazilian exporters, as well as all the duties, taxes and charges on the exportation.

e) The price for the surpluses of other types of rice which are not specified above shall be determined on the basis of the samples of the various qualities of the said surpluses submitted to the purchasing agency or agencies designated by the Governments of the United States of America and of the United Kingdom of Great Britain and Northern Ireland. The said samples shall be representative of the entire crop and shall be taken jointly by the representatives appointed by the Government of Brazil and by the purchasing Agency.

3. *General*

a) The total of the exportable surplus originating in the State of Rio Grande do Sul shall not contain more than 20% (twenty per cent) of the "Blue Rose" quality.

b) The shipments from the State of Rio Grande do Sul shall be made from the port of Rio Grande, and from the other States from the port or ports to be determined by mutual agreement between the purchaser and the vendor.

c) The single packing shall be made in new and resistant jute sacking; the dimensions of the packing and whether or not it shall be single or double shall be established by mutual agreement between the purchaser and the vendor, and in the latter case, whether or not the inner sack shall be of jute or cotton.

d) In the purchases made by the agency of the Ministry of Food, the contracts of Rice Brokers Limited, London, the principal conditions of which are transcribed in annex No. 1 of this Schedule, shall be used.

e) In the purchases made by an agency of the United States of America, the contracts of that agency, the principal conditions of which are transcribed in annex No. 2 of this Schedule, shall be used.

f) The Brazilian Government shall take the necessary steps to the end that all rice exporters may be responsible for the quality of the rice shipped and for the faithful fulfilment of the clauses of the present agreement in so far as concerns them.

g) The rice acquired under the terms of the present agreement shall enjoy a priority for its rapid transportation to the seaports of Brazil.

Annex No. 1 of the Schedule

CLAUSES OF THE CONTRACT OF THE FIRM OF RICE BROKERS LIMITED, LONDON

1. The declarations of shipment or shipments, to be made by the sellers shall not be delayed beyond a period of twenty-one days after the sailing of the vessel (steamship or motorboat) from the port of embarkation, subject to confirmation by mail. Each shipment shall be considered as a separate contract.

2. Cargo risks, from the time of the placement of the goods on board the vessel (steamship or motorboat) in the port of embarkation, shall be for the account of the purchasers.

3. The purchasers shall communicate to the sellers the date on which the vessel is expected in the port of embarkation. In case the expected vessel or its substitute does not arrive in the port or ports of embarkation, or is not ready to be loaded on the day of the expiration of the period of shipment in the contract or, again, if the purchasers fail to provide the necessary space,

the latter shall pay the expenses incurred, at the rate of one shilling per week per ton of 1016 kilos.

4. The settlement of the invoice total, to be made at sight in London, shall not be deferred beyond a period of 7 days after the arrival of the ship in the port of disembarkation or a period of 90 days after the date of the bill of lading; of these periods the one which expires first shall be effective. [The settlement] shall be made through the presentation of the bill of lading and/or duly approved orders for delivery and/or freight receipt authorizing the delivery, as well as the certificate of weight, all in proper order. The certificate of origin, when requested, shall be furnished by the sellers.

5. The sellers shall deliver and the purchasers shall receive the rice alongside the vessel, including rice in bulk and rice chaff, according to the terms of the charter party (or, in case this does not exist, according to those of the bill of lading); [the purchasers] shall pay all the expenses connected therewith, including sacking, repair of sacks, new sacks, warehousing and, in case there are any, port dues and import duties.

6. The rice shall not be rejected on the allegation that it is of inferior quality; however, the purchasers shall be entitled to an allowance to be established, if necessary, by arbitration, as provided in Clause 8, in case the average quality of any shipment should happen to be inferior to the quality stipulated, as specified above. Samples, not showing damage done by the sea or vessel, shall be obtained at the time of the disembarkation; the certificate of their quality shall be sent to the London Rice Brokers Association. The removal of the samples shall be made on the basis of the regulations adopted in the port.

7. No goods covered in the present contract may contain more than $\frac{1}{2}$ of 1% in mineral matter; their nature, composition and quality shall be designated and declared according to the requirements of the Sale of Food and Drugs Act (*Lei da venda de gêneros e drogas*) and of all the regulations, including those relating to their preservation and coloring. Broken rice which is not of British origin shall contain less than two per cent of unbroken rice.

8. Any question arising from the present contract shall be submitted to the judgment of two members of the London Rice Brokers Association or of its arbitrator, who shall also be a member of this Association. Each party shall designate an arbitrator, and shall have the right to reject one of those who are designated. (By the term "member" is meant the member as well as the associate). In case one of the parties fails to designate an arbitrator within the period of ten days from the receipt of the communication from the other party that he has made such a designation, or in case the arbitrators do not agree to the designation of a third arbitrator, the Commission of the London Rice Brokers Association, in either of the two cases, shall have the power to designate a fourth arbitrator, who will act in the name of, or as if he were designated by, the defaultant party or parties. A decision on quality must be requested and the arbitrator-solicitor designated within 14 days from

the receipt of the sample or samples, in London, by the purchaser or broker, which sample shall be sent to that capital, duly dispatched; or within 14 days after the beginning of the unloading of the vessel, the period which expires last being effective, and the decision being made without delay. Requests for arbitration which are not for arbitration concerning quality must be made and, to that end, the arbitrator-solicitor designated as soon as possible. The claims, as well as the designation of the arbitrator, shall not be considered if they are made after a period of six months after the arrival of the vessel or six months after the date of any violation or omission made, the period which expires last being effective. Both parties shall have the right to appeal the decision of the arbitrators, except when legal questions are involved, within the period of five working days; such an appeal shall be addressed to the London Rice Brokers Association, whose decision, except with respect to legal questions, shall be final. Any payments resulting from the decision shall be made within a period of one week from the date of the same.

9. In case the shipment is postponed or suspended by reason of prohibition of exportation, mutinies, strikes, paralyzation of industries, revolutions, earthquakes, floods, official declaration of an epidemic, or by reason of the consequences of such occurrences the period of the shipping contract shall be extended for one month. If at the termination of this period, the shipment is still suspended due to any of the aforesaid causes, the part of the contract which was postponed shall be void, unless there is a new extension of the period, accepted by both parties. In case war and/or hostilities and/or consequences resulting therefrom prevent the sellers from fulfilling the contract or any of its parts, the part of the contract which, for the above reasons, could not be fulfilled by the purchasers shall be void.

Annex No. 2
of the Schedule

MAIN CLAUSES OF THE CONTRACTS FOR THE PURCHASE OF RICE BY THE GOVERNMENT AGENCY OF THE UNITED STATES OF AMERICA (IN ADDITION TO THE STIPULATIONS CONTAINED IN THE AGREEMENT)

1. The contracts shall specify the type, crop, quantity and quality of rice purchased; the type and dimensions of the packing, with the price per 100 pounds net; weight of shipment f.o.b. ocean steamer in a specified Brazilian port for shipment to a foreign port designated by the purchaser, directly or indirectly, with or without transshipment, during the month designated by the purchaser.

2. The rice shall be at the risk of the purchaser from the time it is on board the ocean steamer designated to carry it to the point of destination in the foreign country. The maritime and war-risk insurance, if there is any, shall be for the account of the purchaser.

3. The seller shall furnish the rice in the month designated by the purchaser and notify him when the rice is ready for shipment. In case the purchaser fails to provide shipping space during the month in which the rice is purchased for shipment, the purchaser shall be liable for the warehousing and for the insurance, beginning 30 days after the date of the notification that the rice is ready for shipment in the designated port of embarkation within the contractual period. The charges for such warehousing and for any insurance must be in accordance with the specifications and stipulations of the contract; but the charges for warehousing shall in no wise exceed the current rate on that date. The warehouses and the insurance companies employed for that purpose, shall first be approved by the United States Purchasing Agency.

4. The total payment for the purchases of rice shall be made against the customary and required shipping documents, including the bill of lading, certificate of weight, and certificate of inspection respecting the type and quality, issued by the Instituto Riograndense de Arroz, [Rio Grande Rice Institute] for rice produced in the State of Rio Grande do Sul.

5. That certificate of inspection shall be issued by the Department of Agriculture of the State in which the rice purchased from sources other than the State of Rio Grande do Sul was produced. The Purchasing Agency designated by the United States shall be entitled to have representatives at the inspection of the rice purchased for the account of the United States of America. The certificate of weight shall be issued by a public weigher or by someone who has been authorized for that purpose by agreement between purchaser and seller. All the expenses of weighing, sampling and certificates shall be for the account of the seller.

6. Any questions arising in the execution of this contract, if they cannot be settled in any other way, shall be decided by arbitration in New Orleans, in accordance with the regulations of the New Orleans Chamber of Commerce, or in New York, in accordance with the regulations of the New York Produce Exchange.

7. Each shipment shall be considered as a separate contract or sale.